

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

**RESPONSES OF POSTAL SERVICE WITNESS KIEFER (USPS-T-37)
TO INTERROGATORIES OF UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS MILLER
(UPS/USPS-T21-19(b) & (c))**

The United States Postal Service hereby provides the responses of witness Kiefer (USPS-T-37) to the following interrogatories of United Parcel Service, filed on July 26, 2006, and redirected from witness Miller: UPS/USPS-T21-19(b) & (c).

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF POSTAL SERVICE WITNESS KIEFER (USPS-T-37)
TO INTERROGATORIES OF UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS MILLER

UPS/USPS-T21-19. Refer to your response to UPS/USPS-T21-9(d).

- (b) Confirm that the parcel characteristic (“nonrectangular”) used to classify non-machinable parcels in Section H of USPS-LR-L-77 (Billing Determinants, Fiscal Year 2005), which is used as the basis for the billing determinants listed in USPS-LR-L- 82, WP-PP-4 and WP-PP-5, does not accurately correspond with the parcel characteristics used to assess mailers a non-machinable rate surcharge for Parcel Post listed in Domestic Mail Manual, § 101.7.2. If not confirmed, explain in detail.
- (c) Confirm that an incorrect estimate of the share of non-machinable parcels can impact the RPW Revenue Adjustment Factors for Parcel Post listed in Section H-1, page 10 of 10, USPS-LR-L-77, and derived from the Calculated Revenues listed in Section H-1, pages 7-9 of 10, USPS-LR-L-77. If not confirmed, explain in detail.

RESPONSE:

- b. I can confirm that the “nonrectangular” characteristic used to estimate the number of nonmachinable pieces for RPW reporting and, therefore, for billing determinants purposes, does not correspond precisely with the list of nonmachinable parcel characteristics in the DMM (Section 101.7.2). Since there is no exact count of nonmachinable pieces, I am unable to determine how accurate this estimate actually is. I have been involved in some discussions on this subject with the Postal Service’s revenue and volume reporting staff and they have informed me that they believe an alternate estimation technique (which also does not correspond to the DMM nonmachinability definitions exactly; see the response to UPS/USPS-T21-19(a)) provides better estimates. This alternate technique uses the physical characteristics outlined in part (a) of this question.
- c. Confirmed.